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RUEHBY/AMEMBASSY CANBERRA 1879
RUEHKA/AMEMBASSY DHAKA 5157
RUEHLO/AMEMBASSY LONDON 2093
RUEHNE/AMEMBASSY NEW DELHI 5357
RUEHUL/AMEMBASSY SEOUL 8950
RUEHTC/AMEMBASSY THE HAGUE 0724
RUEHKO/AMEMBASSY TOKYO 6526
RUEHCN/AMCONSUL CHENGDU 1747
RUEHCHI/AMCONSUL CHIANG MAI 2117
RUEHCI/AMCONSUL KOLKATA 0595
RHHMUNA/CDR USPACOM HONOLULU HI
RUEKJCS/JOINT STAFF WASHDC
RUCNDT/USMISSION USUN NEW YORK 2344
RUEHGV/USMISSION GENEVA 4355
RUEATRS/DEPT OF TREASURY WASHDC
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C O N F I D E N T I A L SECTION 01 OF 04 RANGOON 000200

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E.O. 12958: DECL: 02/19/2019
TAGS: SOCI EAID PHUM KHIV PGOV SENV BM
SUBJECT: BURMA: DONORS PREPARING TO PURCHASE TB DRUGS IN 2010

REF: A) 08 RANGOON 279Q B) 08 RANGOON 920 C) 08 STATE 131962

RANGOON 00000200 001.2 OF 004

Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4 (b and d).

Summary

¶1. (C) Burma will face a shortage of tuberculosis (TB) drugs in mid-2010, leaving the region vulnerable to new outbreaks of both TB and multi-drug resistant TB. WHO estimates that Burma needs between USD 4-5 million to cover the drug shortfall; and to ensure timely delivery of drugs, procurement must occur by the end of 2009. While the MOH in December 2008 highlighted the drug shortfall and requested donor assistance in covering this gap, donors have yet to make firm commitments. The Government of Japan and the UK's DFID appear willing to procure drugs, but have yet to allocate funds. Time is running out and delays in budget approvals may create an immediate funding shortfall. USAID/RDMA has identified up to USD 1.7 million to help cover the gap, but wants to be the "donor of last resort." The Ministry of Health will host another donor's meting on April 24 to ascertain who, if anyone, will cover the drug shortfall. End Summary.

No Drugs by Mid-2010

¶2. (SBU) Burma is one of 22 tuberculosis (TB) high-burden countries in the world, according to the WHO. While the true prevalence of TB is unknown, the WHO estimates that up to 40 percent of Burma's population may be infected with TB. Through its National TB Program (NTP), which has offices in all 324 townships, the GOB successfully treats TB cases by providing free drugs to patients. NTP, which is woefully underfunded and spends only USD 70,000 a year on drugs, is able to treat patients because the Geneva-based Global Drug Facility (GDF) has provided TB drugs (worth approximately USD 3.5 million) annually since 2003. In 2008, the WHO informed donors that GDF assistance, which has a maximum duration of six years, would end by the end of the year, leaving Burma without any TB medications thereafter (Ref A).

¶3. (SBU) During a December 2008 Donor's Conference, the GDF agreed to extend partial funding for an additional "exception" year, pledging USD 2.5 million for 2009 (Ref B). WHO and NTP found additional funding to cover the remaining USD 1 million balance, WHO TB Officer Dr. Hans Kluge told us. However, even with the additional funding, the NTP will run out of TB drugs by mid-2010, leaving patients without treatment. With patients unable to finish their TB regimen, Burma runs the risk of developing high levels of multi-drug resistant (MDR) TB, which could quickly spread to neighboring countries, Kluge explained. The NTP, assuming that the Ministry of Health's (MOH) Round 9 Global Fund application will be approved, expects that Burma will receive TB drugs through Global Fund; however, due to funding streams and procurement processes, the earliest those drugs could arrive in Burma is mid-2011, leaving a one-year gap. WHO estimates

that Burma needs between USD 4-5 million to cover the gap, to pay for eight basic TB drugs, as well as pediatric medicines.

Japanese and British (Maybe) Opening their Pockets

¶4. (C) While MOH, WHO, and donors recognize the severity of the situation, little has been done to locate funds to cover the 2010-2011 TB drug shortfall. The December donor's meeting yielded few tangible results. Many donors are considering procuring TB medicines for NTP, but no one is ready yet to commit. During March 25-30 meetings with donor representatives from AusAID, the UK's DFID, the Three Disease Fund (3DF), the Japanese Embassy, and JICA, as well as NGO partner Population Services International (PSI), all representatives agreed that securing access to first-line TB drugs should be the country's top priority. PSI Country Director John Hetherington told us that "if there are no TB drugs, then there is no point in having a TB program." Despite acknowledging the problem, donors have different perspectives on obligating funds for TB medicines:

-- Japanese Embassy Economic Counselor Matsui Suzuka told us that the Japanese Government would consider providing TB drug funding on a one-time basis, but needs reassurance that the USG would not hold up the MOH's Global Fund Round 9 application. After reiterating the USG's position on Global Fund and emphasizing that the MOH's proposal must be technically sound, including to address the problems that led to the 2005 GF withdrawal (Ref C), Suzuka commented that he would discuss with the Japanese Ministry of Foreign Affairs about moving forward with a funding proposal. Suzuka initially believed that the MOH would not need funding until FY10 (beginning April 1, 2010). We quickly explained the drug procurement process meant that money must be available by October/November 2009. This requires the Government of Japan to advance its funding plans by one year, which Suzuka thought could be "doable."

-- DFID Health Officer Julia Kemp explained that DFID, working with AusAID and other 3DF donors, is looking for ways

to procure drugs for NTP. Kemp stated that the British Government will announce on April 3 a dramatic increase in humanitarian funding for Burma, some of which will be used to fund the 3DF. Kemp hinted that the 3DF allotment would be enough to cover the 2010-2011 gap, but that the 3DF Board would need to determine how the money is spent. She emphasized that providing TB drugs is a high priority for the 3DF Board. However, if the 3DF Board agrees to procure drugs, there might be a delay in funding, resulting in a smaller, more immediate funding gap.

-- AusAID representative Bernie Pearce acknowledged that the 3DF Board is looking at the situation, but told us that the Fund Board has not yet made a decision on whether to reprogram funds. He did not indicate if there would be new Australian funding into the 3DF.

-- 3DF Fund Manager Mikko Lainejoki commented that if other donors are willing to provide partial funding, he believes

3DF members would do the same. He was not aware of, or did not let on about, DFID's plans to increase new funding to the 3DF.

-- JICA Country Representative Miyamoto Hideo explained that while TB is a high priority disease, JICA also has other (unnamed) programs that it wants to fund. He denied rumors that JICA would provide the MOH with USD 400,000 for TB drugs.

¶5. (C) According to NTP Acting Manager Dr. Myo Zaw, the Burmese Government has increased funding for TB drugs and will continue to do so. As part of its agreement with the GDF for the additional year of funding, the MOH agreed to match three percent of the GDF's budget in 2009 and five percent in 2010, putting the money toward the procurement of medicines. Dr Myo Zaw stated that the MOH will contribute USD 70,000 and USD 112,500 in FY09 and FY10, respectively. (Note: due to the world financial crisis, the GDF has only provided USD 2 million of its USD 2.5 million commitment to the MOH. MOH pledges are based on the GDF's actual remittances. End Note). Dr. Myo Zaw acknowledged it is unlikely the GOB will provide the Ministry of Health with additional funds for drug procurement. WHO's Dr. Kluge commented that the MOH already submitted a request to the Government of Japan for USD 3 million, and will ask the WHO Southeast Asia Regional Office for an additional USD 1 million.

¶6. (C) In case other donors cannot find new funding to fill the TB drug gap, the USAID/RDMA's Office of Public Health has identified potential CSH funds, perhaps as much as USD 1.7 million, that it can reprogram to help offset a shortfall. During our meetings, donors inquired about the USG's plans with regard to TB drugs, stating that in the past, the USG has been reluctant to provide drugs to the MOH. We noted our concern about the situation and explained that while the USG may be willing to provide funding, it would take time for any approvals. We emphasized that the USG should be the "donor of last resort," as we would have to temporarily suspend the existing TB program to free up monies.

¶7. (SBU) The Ministry of Health plans to hold a meeting with donors on April 24 in Rangoon to hear perspectives on possible TB drug funding. The WHO will circulate a funding proposal to donors by mid-April, which will explain in detail the current and future funding situation.

Comment

¶8. (C) During the past five years, the NTP has dramatically improved Burma's TB treatment program, thanks in large part to GDF funding. Without first-line TB drugs, Burma will have no viable TB program. The disease, including strains of MDR TB, will likely become more widespread throughout Burma and

perhaps continue to spread into neighboring countries. That would be a disaster. The spread of MDR-TB would be contrary to the USG's interests worldwide. While we are reasonably confident that other donors -- the Government of Japan and DFID through the 3DF -- will find funding to cover the majority of the TB drug gap, there still may be a small

funding shortfall in late 2009/early 2010 as donors try to make funds available. Thus, USAID/RDMA has identified funds from existing TB programs in Burma and the region "just in case" we need to step in to fund, at least partially, TB drugs. We are reluctant to suspend, even for a year, our TB programs which focus on improving drug delivery systems, but we recognize the urgency of the situation. We will meet with the Japanese Embassy and DFID prior to the April 24 donor's meeting to ascertain their plans.

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